

FY2016-2017 BUDGET DEVELOPMENT FISCAL POLICY, DEBT AND SOURCES OF FUNDING FOR CAPITAL IMPROVEMENT PROGRAM

Board of Supervisors Work Session
November 10, 2015

Agenda

- Fiscal Policy
- Debt
- Sources of Funding for Capital Improvement Program

FISCAL POLICY

Fiscal Policy

- Provide basic framework for the overall fiscal management of government
- Represent guidelines for evaluating activities, establishing priorities, setting direction, and managing growth
- Enabled the County to maintain its sound financial position

County Fiscal Policies

- Balanced Budget
- Financial Improvement Policy
- General Fund Unappropriated Balance
- General Fund Revenues in Excess of Budget
- Unexpended Appropriations Policy
- Capital Reserves
- Fees and Charges
- Use of One-Time Revenues
- Debt Policy

Balanced Budget

- Budget Ordinance will be balanced, adopted, and administered in accordance with Local Government Budget and Fiscal Control Act
- County will avoid budgetary procedures that balance the budget at the expense of meeting future years expenses, such as: postponing expenditures, accruing future years revenues, or rolling over short-term debt

Financial Improvement Policy

- Reduce or eliminate short-term borrowing
- Improve the County's bond rating to AAA
 - Limit lease/purchase financing
 - Improve the economic mix to increase the commercial tax base
 - Continue annual reassessment of real estate
 - Aggressively pursue delinquent accounts

Unappropriated Balance

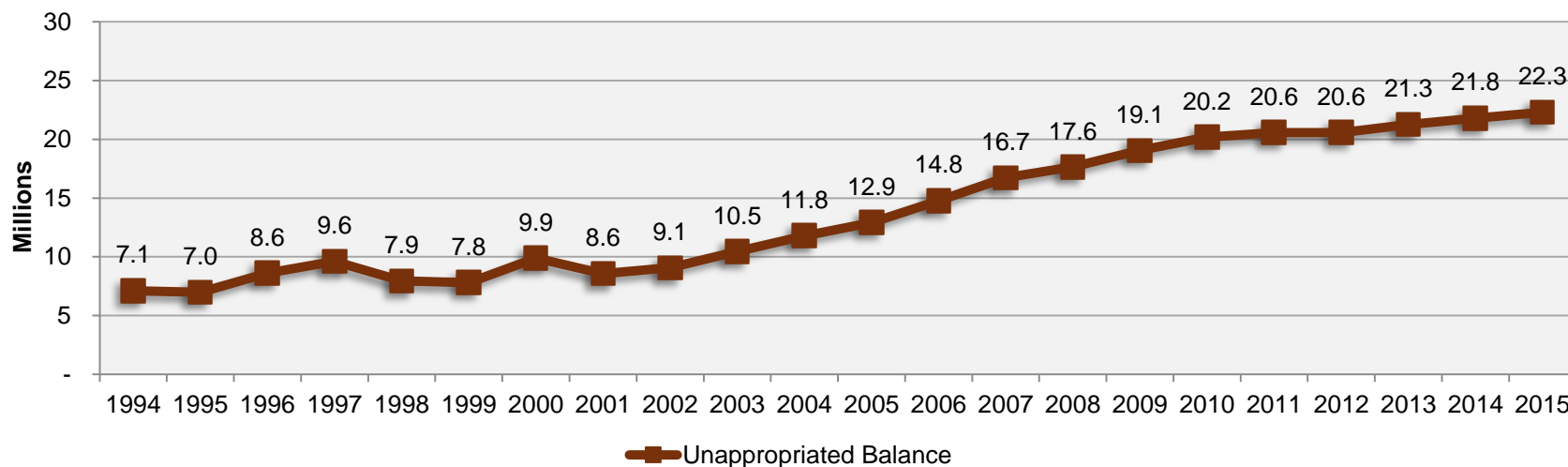
- Protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures
- Policy revised in December 2004
- Unappropriated balance at 11%

Unappropriated Balance

General Fund Unappropriated Balance

Audited balance at June 30, 2015	\$21,799,195
Appropriated from 2015-2016 Budget	506,153
Balance at November 10, 2015	\$22,305,348
% of Budget	11.01%

Unappropriated Balance 1994-2015



General Fund Revenues in Excess of Budget

- Revenues in excess of budget will be allocated
 - First to the General Fund Unappropriated Balance, until the maximum amount for current year is met
 - Remaining amount allocated to Capital Reserves

Unexpended Appropriations Policy

- Establishes directives for the disposition of unspent expenditure appropriations at the conclusion of each fiscal year
- Unspent funds will be allocate to Capital Reserves

Capital Reserves

- Establishes guidelines to set aside reserves to fund needed County projects
- Funds from Unexpended Appropriations Policy and General fund Revenues in Excess of Budget are allocated to Capital Reserves at the end of each fiscal year
- Funding source for 10-year Capital Improvement Program

Capital Reserves

Total Capital Reserves	
Audited balance at June 30, 2015	\$4,515,297
Appropriated for 2015-16 Capital budget	(2,490,756)
Appropriation to purchase voting machines and equipment	(384,000)
Allocation to Computer Replacement account	(100,000)
Additions from revenues (net transfer to unappropriated)	1,631,084
Additions from expenditures	649,431
Balance at November 10, 2015	\$3,812,056

Fees and Charges

- County will institute user fees and charges for specialized programs and services
- Rates will be established to recover operational as well as overhead or indirect costs
- County will regularly review user fees charges

Use of One-Time Revenues

- Goal is to pay for all recurring expenditures with recurring revenues
- Use nonrecurring revenues for nonrecurring expenditures
- Maintain a diversified and stable revenue structure

Debt Policy

- Keys to sound financial management
- Establishes the parameters for issuing and managing debt
- Ensures that a government maintains a sound position and that credit quality is protected

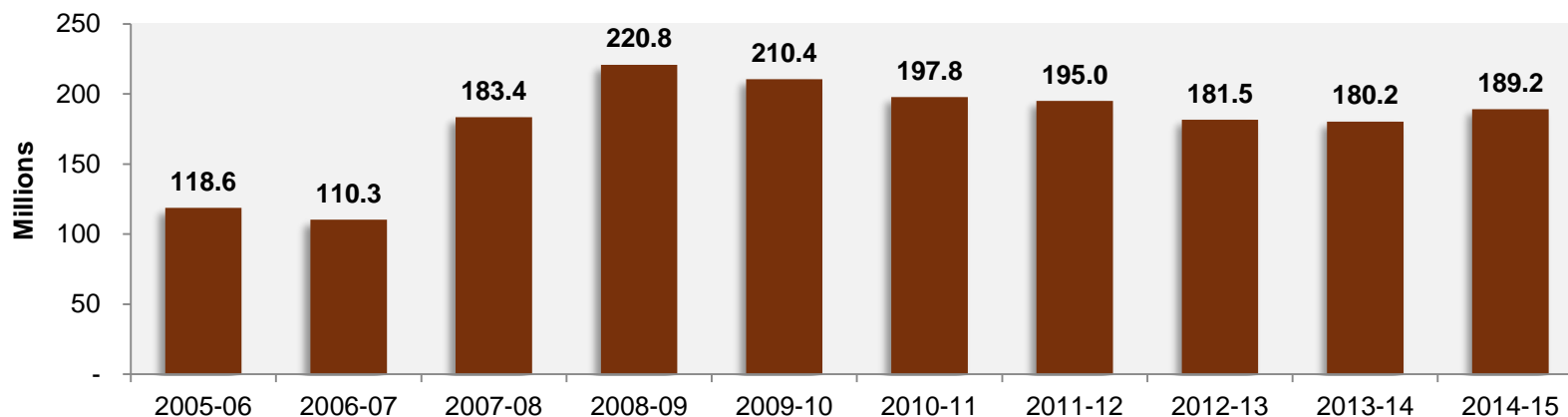
DEBT

Debt Information

- Current outstanding debt well within policy limits
- Projects funded since FY05-06:
 - South County Library
 - Vinton Library
 - North County Fire Station
 - Fleet Service Center
 - Green Ridge Recreation Center
 - 800 MHz Radio System
 - Renovations to Elementary Schools (William Byrd, Green Valley, and Cave Spring)
 - Northside High School

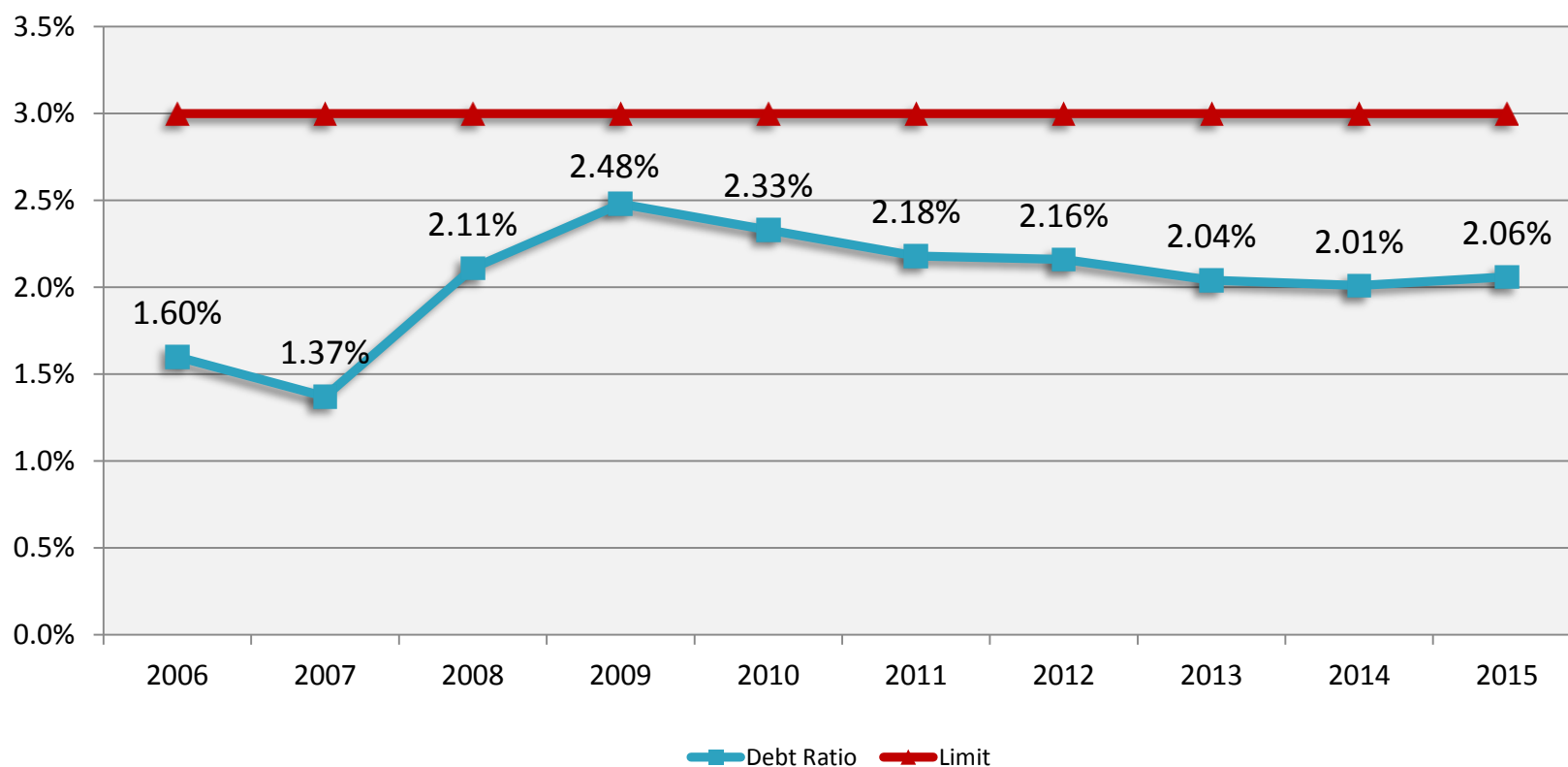
Long-Term Obligations Outstanding as of June 30, 2015	
General Obligation Bonds	\$5,332,236
Lease Revenue Bonds	76,949,408
Schools Literary Fund Loans	1,825,775
Virginia Public School Authority	104,311,123
Capital Lease	741,516
Total	\$189,160,058

**Outstanding Debt
FY2006 through FY2015**



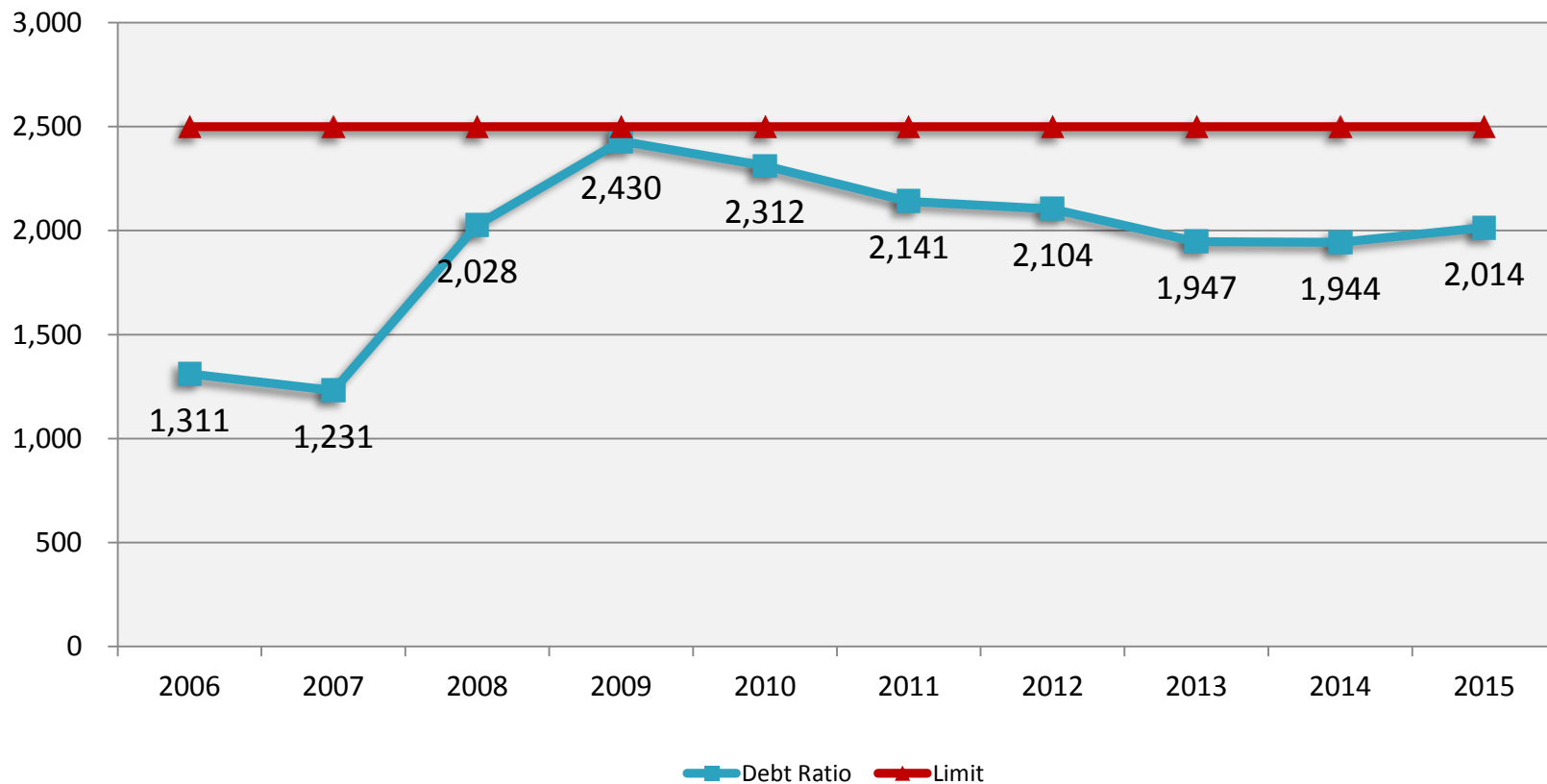
Debt Ratio – FY2006 to FY2015

Debt as a % of Taxable Assessed Value



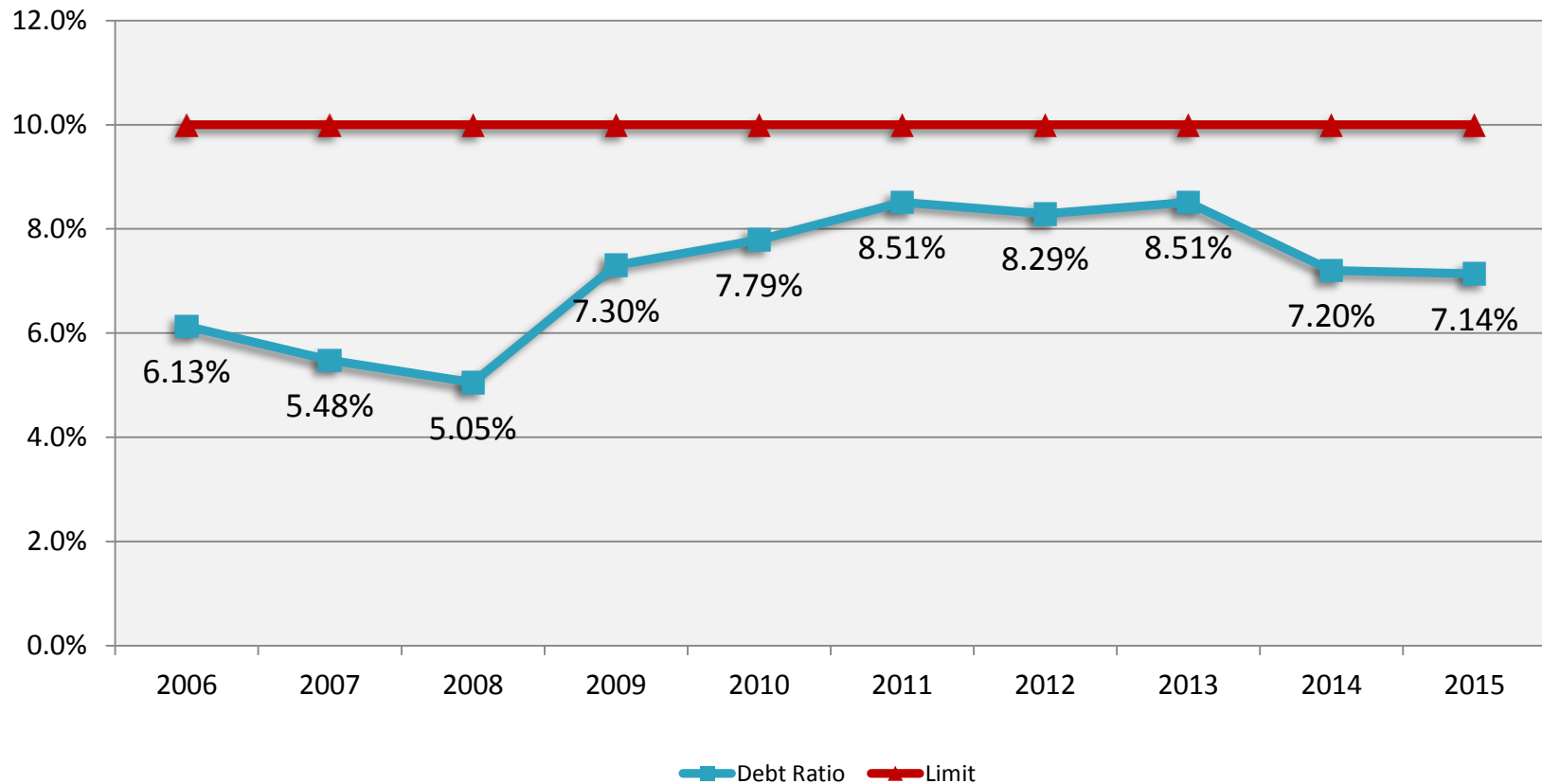
Debt Ratio – FY2006 to FY2015

Debt Per Capita






Debt Ratio – FY2006 to FY2015

Debt Service as a % of General Government Expenditures



Roanoke County Bond Ratings

- General Obligation Debt
 - Aa1, AA+, AA+ (Moody's/S&P/Fitch Ratings)

			
Best Quality	Aaa	AAA	AAA
High Quality	Aa1 Aa2 Aa3	AA+ AA AA-	AA+ AA AA-
Upper Medium Grade	A1 A2 A3	A+ A A-	A+ A A-
Medium Grade	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-

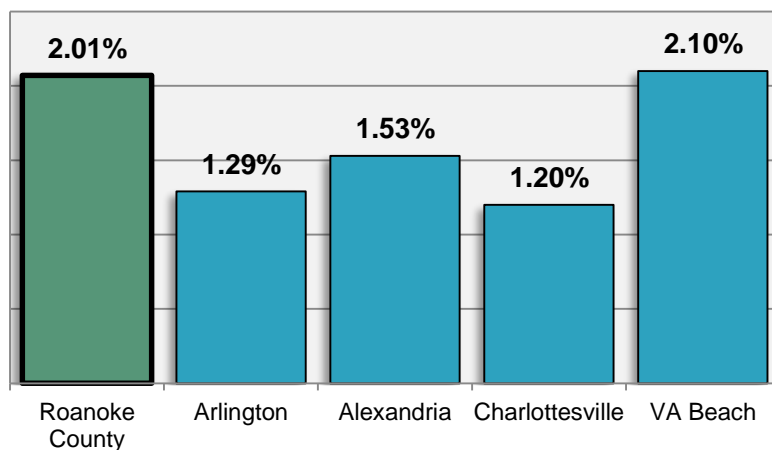
- Lease Revenue Bonds
 - Aa3, AA, AA (Moody's/S&P/Fitch Ratings)

Debt Policy Information

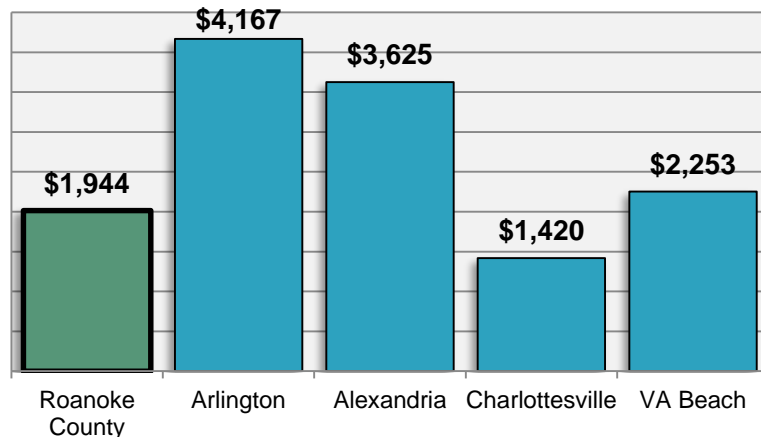
	Debt Policy Limits					
Debt Ratio	Roanoke County (AA+)	Roanoke City (AA+)	Arlington (AAA)	Alexandria (AAA)	Charlottesville (AAA)	Virginia Beach (AAA)
Debt as a % of Taxable Assessed Value	3%	4%	3%	1.6%	N/A	3.5%
Debt per Capita	\$2,500	N/A	N/A	N/A	N/A	\$3,000
Debt Service as a % of General Government Expenditures	10%	10%	10%	10%	8%	10%

Debt Ratio Comparison to AAA Rated Localities

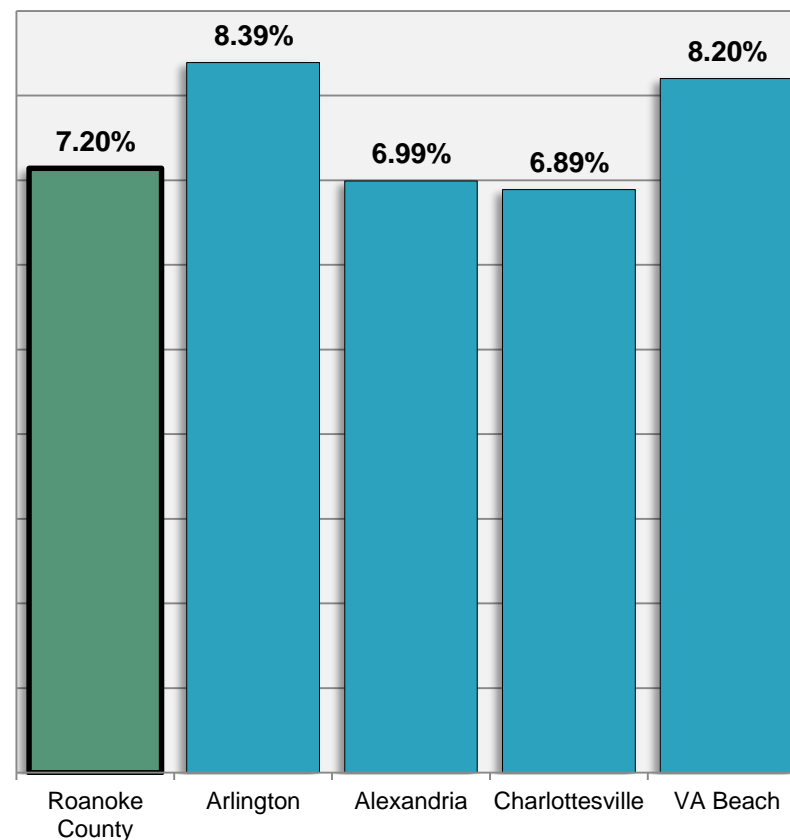
Debt as a % of Taxable Assessed Value



Debt per Capita



Debt Service as a % of General Government Expenditures



SOURCES OF FUNDING FOR FY17-26 CAPITAL IMPROVEMENT PROGRAM

Capital Improvement Program Funding FY2017-2026

- Bond Issue
 - Able to leverage \$100 million over 10-year period
- Cash Sources:

Recurring

- General Fund transfer
- Fee Class transfer

Non-Recurring

- Capital reserves
- Bond refunding
- Debt Fund cash
- Completed capital project balances
- Sale of property

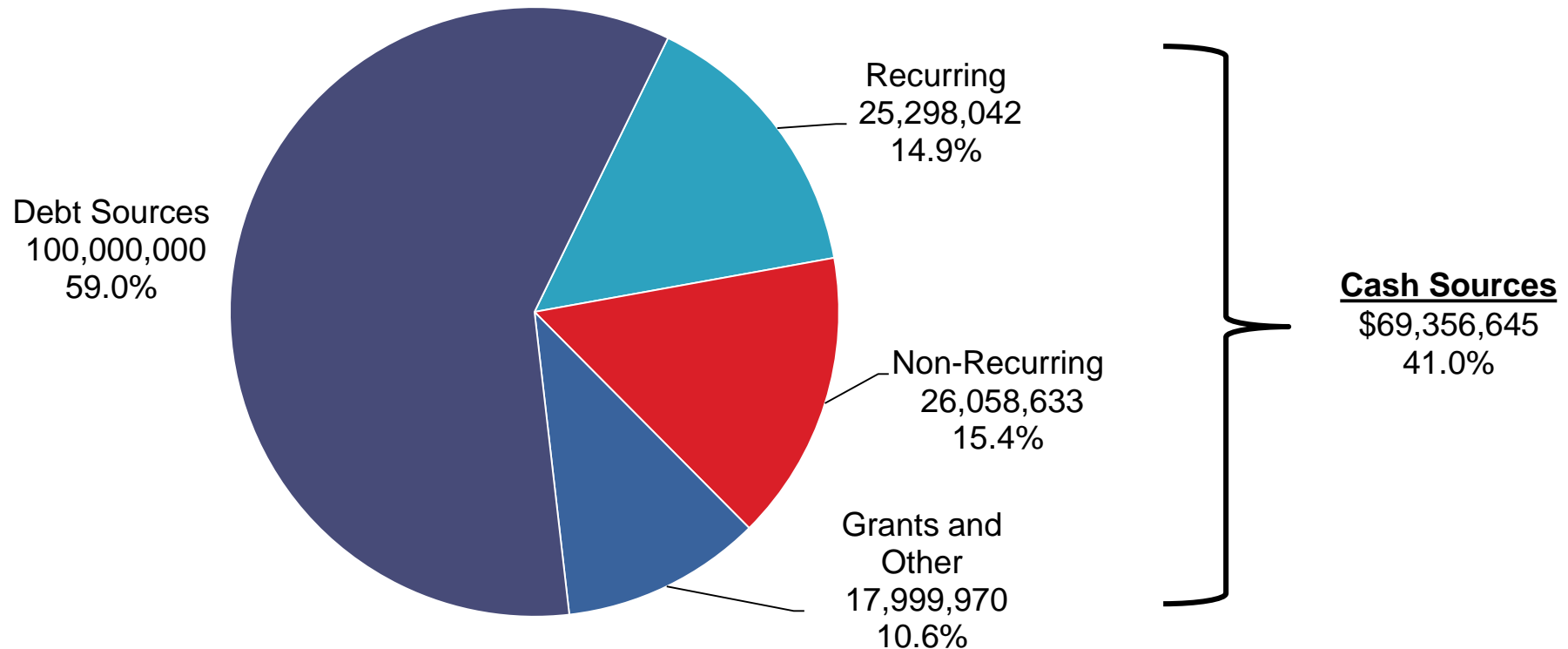
Other

- Grants
- VDOT
- Intergovernmental contributions

Capital Improvement Program

Projected Funding Sources for FY2017-2026

Funding Sources
FY2017-2026
\$169,356,645



QUESTIONS/COMMENTS
